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55th ANNUAL FINANCIAL SURVEY of the RIGID PAPER BOX INDUSTRY

Prepared by
Dr. Robert D. Landel
The Colgate Darden
Graduate School
of
Business Administration
University of Virginia
Charlottesville, Va.

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609-429-7377

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Issued for The Use of Members of
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RIGID PAPER BOX INDUSTRY
Covering the year 1979

I. MANAGEMENT OF OFFICE WORK

Historically, managers have focused on the factory rather than the office as the place to improve productivity. At the same time, the percentage of the national work force classified as office-based white collar workers has been increasing steadily. Consider these facts.

1. Office costs currently average 20% to 30% of the total operating costs of all industries and are forecast to increase to 40% in the 1980's unless the trend is altered.

2. Almost 18% of the workers in the U.S. were classified as clerical workers by the Bureau of Labor Statistics in 1979, up from 15.7% in the mid-60's.

3. Total white collar employment accounted for 51.3% of the American workforce in 1979, up from 43.4% in 1960.

4. Administrative and General Expenses in the R-P-B Industry have fluctuated over the last sixteen years from 7.4% to 16.5% of sales. In 1979 A&G % of Sales was 10.8%, down slightly from the 11.2% level of 1978.

5. Since the mid-60's the changes in Net Profit Before Taxes % of Sales and A&G% of Sales are highly correlated (See Chart 3 in last year's report and in this year's report.)

The lack of office-focused improvement and the growing white collar workforce are causing managers in numerous industries to examine the office worker's productivity. R-P-B managers should look at this segment of their business as being critical to more successful control of the year-to-year fluctuations in ROS %. Chart 3 shows that two key success factors are the dampening of fluctuations in A&G % and the reduction of its overall level to below 10%, as it was prior to 1970.

Office Productivity

There is considerable evidence that office productivity is not increasing as fast as factory productivity: office productivity in the U.S. rose by only .4% in the decade before 1970, compared to an 83% rise in factory productivity. With a few exceptions the average office today is little different from what it was twenty years ago. Managers, white collar clerical workers, and secretaries are using the same methods and equipment for communications and getting the work done as they did in the mid 60's. The exceptions one finds today are companies who have automated certain communications activities using computer based technology.

Not only can big savings be achieved with increases in office productivity, but the potential opportunities to increase productivity and achieve these savings are numerous for the clever manager.

Measurement of White Collar Workers

Measuring productivity is difficult in the factory setting, but even more of a challenge when you are focusing on white collar workers who perform a service. The public - your customers, suppliers, and other company contacts both inside and outside the office - is interested not only in the quantity of office output, but also in the quality of the service and the amount of time it takes them to receive the service. Despite the many problems with quantifying productivity, it is possible to develop meaningful measures of productivity for white collar workers.

Several measures for a manager to use to find out how his firm is doing compared to others in the task of managing office productivity are found in this Report:

1. Average Number of Employees in Sales and Administrative Activities (Table 8)

2. Administrative and General Expense/Direct Labor (Tables 3 and 6)

3. Administrative and General Expense % of Sales (Chart 3, Tables 4 and 5)

4. Administrative Load (Table 9)

Another measure can be formed by calculating the ratio of non-supervisory white collar workers to total company employment. Also, calculate the % Total Sales, Administrative and Other Employees to Total Employees (See Table 8). After calculating these values for say the past ten years, they can be analyzed for trends. Cost measures such as dollar cost per letter or per orders processed can be used. There are also response-time measures such as the average number of days to process and schedule the paperwork for a factory production order. In addition one can develop output measures such as the number of invoices (supplier or customer) processed per day.

With creativity, it is possible to develop a productivity measure for almost every office activity. It is not as important that each activity measurement be perfect, as it is that productivity be measured. Managers and workers should then concentrate on improving the trends in productivity rather than on the absolute level of the numbers.

The Manager's Productivity

As difficult as it may be to measure a clerical worker's productivity, it is still more challenging to find meaningful measures of the manager's productivity. Managers need to be aware of the impact of their work, to have improvement goals, and to receive feedback on each goal's achievements. This helps them concentrate on exactly what they should be trying to accomplish. They should be active in identifying cost and quality-of-work improvements in their subordinates' and their own areas of responsibility.

Managers need the same kinds of electronic assistance and new technologies as clerical workers, and more. As much as 95% of management work is devoted to written and oral communications.

It is hard to predict the effect of technological advances in office equipment on the manager's productivity. However, managers presently spend 25% of their time on work that is basically clerical and support-type work. These percentages should decrease dramatically in the office of the future. If the manager can improve his efficiency by even 5%, it can mean substantial increases on the bottom line.

How To Get Started In Office Productivity Improvement

The mechanism to get started on improving office work productivity is simple. Recognize that improvement comes from the individuals doing the work. Some managers think of employees as a cost of the business. Enlightened managers think of employees as the firm's greatest resource. Organize the employees and managers performing similiar work into small groups which meet regularly to solve their own productivity problems. This mechanism is based on a very simple concept. Nearly all people will take more interest and pride in their work if they are allowed to influence decisions made about their work. Increased interest and pride will directly result in improved Quality of Services which, in turn will make your company more profitable and a tougher competitor. Your challenge as a manager is to tap the intelligence and creative capacity of your white collar workers in order to avoid complacency towards poor quality of service and its inherent high cost of doing business. The goal of controlling A&G % of Sales fluctuations and bringing its level down, should be set and then be managed to happen with an involved office work force.

II. 1979 AND BEYOND

1979 Economic Performance and 1980 Outlook (Table 1)

The gross national product (GNP) rose by 11.3% to $2,368.5 billion in 1979. Removing the effects of a 9% inflation rate, the real GNP, expressed in constant 1972 dollars, grew by 2.3% to $1,431.1 billion. The continued growth, which was not expected, was attributed to strong personal consumption prompted by expectations of high long-term inflation rates. To meet the increased demand, industrial capacity utilization was pushed to 85.7%, its highest point since 1973. The industrial production indices rose by about 4%.

TABLE 1

HOW VARIOUS ECONOMIC INDICATORS PERFORMED

IN 1979

	1979	1978	% Change
Gross National Product (1972 $)	1,431.1	1,399.2	2.3
Gross National Product (current $)	2,368.5	2,127.6	11.3
Personal Consumption Expenditures	1,509.8	1,350.8	11.8
Gross Private Domestic Investment	386.2	351.5	9.9
Nonresidential	253.9	221.1	14.8
Residential	114.0	108.0	5.6
Government Purchases of Goods and Services	476.1	435.6	9.3
National Personal Income	1,923.1	1,717.4	12.0
Wage and Salary Disbursements	1,227.5	1,103.5	11.2
Other Labor Income	122.7	106.5	15.2
Proprietor's Income	130.1	116.8	11.4
Disposable Personal Income	1,623.2	1,458.4	11.3
Unemployment Rate (%)	5.8	6.0	--
Total Industrial Production:			
Mfg. Mining Utilities, 12 Months Index (1967 = 100)	152.2	146.1	4.2
Total Mfg. Production Index (1967 = 100)	153.3	146.8	4.4
Paper & Allied Products Index (1967 = 100)	150.8	144.4	4.4
Wholesale Price Index for Pulp Paper & Allied Products (1967 = 100)	218.9	195.6	11.9
Employment (Millions)	96.9	94.4	2.6
Capacity Utilization - Total Mfg.	85.7%	84.4%	1.5

Late in the year as the inflation rate continued to climb, monetary and fiscal policies were implemented to cool the economy down. There was a lag before the measures showed an effect, but by March, 1980, consumer spending declined, particularly for durable goods. Substantial drops in housing starts and auto sales indicated the beginning of the first recession in five years. Predictions of the depth of the recession vary from mild (1%) to moderate (3%), and the subsequent recovery is seen as slow. The President's determination to carry on the fight against inflation, combined with further increases in oil prices and stagnant productivity does not make the near-term economic outlook bright. The unemployment rate which was down to 5.8% in 1979 is expected to reach 8% by the end of 1980. Inflation which reached an 18% yearly rate in January, 1980, should fall to the 10% level by year's end as demand drops.

		Current $ Billions	Annualized % Change	1972 $ Billions	Annualized % Change
1979	I	2,292.1	10.6	1,430.6	1.1
	II	2,329.8	6.7	1,422.3	-2.3
	III	2,396.5	11.9	1,433.3	3.1
	IV	2,456.9	10.5	1,440.3	2.0
1980	I	2,520.3	10.7	1,444.2	1.1

III. THE R-P-B INDUSTRY'S ECONOMIC PERFORMANCE IN 1979

Sales Volume (Table 2 and Charts 1 and 2)

The R-P-B Industry experienced its fourth consecutive year of sales dollar growth in 1979. Table 2 shows that the sales of approximately $708,352,000 were 8.4% higher than the $653,451,000 registered in 1978. A graphic representation of this growth trend appears in Chart 1.

Columns 3 and 4 of Table 2 make possible a different way of evaluating the R-P-B sales dollar figures. The indexes are a means for comparing the relative growth of two different values over a given time period. In this

TABLE 2

HISTORICAL SALES AND PRODUCTION SERIES

Year	(1) R-P-B Industry's Annual Sales	(2) Yr.-to-Year % Change	(3) R-P-B Inds. $ Sales Indexes (1967 = 100)*	÷	(4) Wholesale Prices (All Inds.) (1967 = 100)	=	(5) R-P-B Production Indexes (1967 = 100)
1955	$280,449,000	+ 7.7	71.0		87.8		80.8
1956	294,372,000	+ 5.0	74.5		80.7		82.1
1957	293,046,000	- 0.5	74.2		93.3		79.5
1958	278,018,000	- 5.1	70.4		94.6		74.4
1959	300,560,000	+ 8.1	76.1		94.8		80.3
1960	302,700,000	+ 0.7	76.6		94.8		80.7
1961	298,160,000	- 1.5	75.5		94.5		79.9
1962	309,490,000	+ 3.8	78.4		94.8		82.7
1963	314,751,000	+ 1.7	79.7		94.5		84.3
1964	322,305,000	+ 2.4	81.6		94.7		86.2
1965	347,445,000	+ 7.8	88.0		96.6		91.1
1966	385,664,000	+11.0	97.6		98.8		97.8
1967	394,920,000	+ 2.4	100.0		100.0		100.0
1968	421,775,000	+ 6.8	106.8		102.5		104.2
1969	436,537,000	+ 3.5	110.5		106.5		103.8
1970	433,918,000	- 0.6	109.9		110.4		99.5
1971	411,354,000	- 5.2	104.2		113.9		91.4
1972	437,681,000	+ 6.4	110.8		119.1		93.0
1973	484,950,000	+10.8	122.8		134.7		91.2
1974	536,840,000	+10.7	135.9		160.1		84.9
1975	483,155,000	-10.0	122.3		174.9		69.9
1976	556,111,000	+15.1	140.8		182.9		77.0
1977	602,268,000	+ 8.3	152.5		195.1		78.2
1978	653,461,000	+ 8.5	165.5		216.9		76.3
1979	708,352,000	+ 8.4	179.4		244.0		73.5

1955-1979 Average Annual Growth Rate: 3.94 %

1984 Projected: $859,335,000

Special Item: Column 2 of this table sets forth the year-to-year percentages of change in the R-P-B Industry's sales since 1955. Running through 1979, the average annual growth rate, as computed from these percentages, was 3.94%. If this growth rate persisted through the year 1984, the Industry's sales in that year would amount to $859,335,000.

*Each individual year's dollar sales total shown in Column (1) was divided by $394,920,000 to obtain the related dollar sales indexes shown in Column (3).

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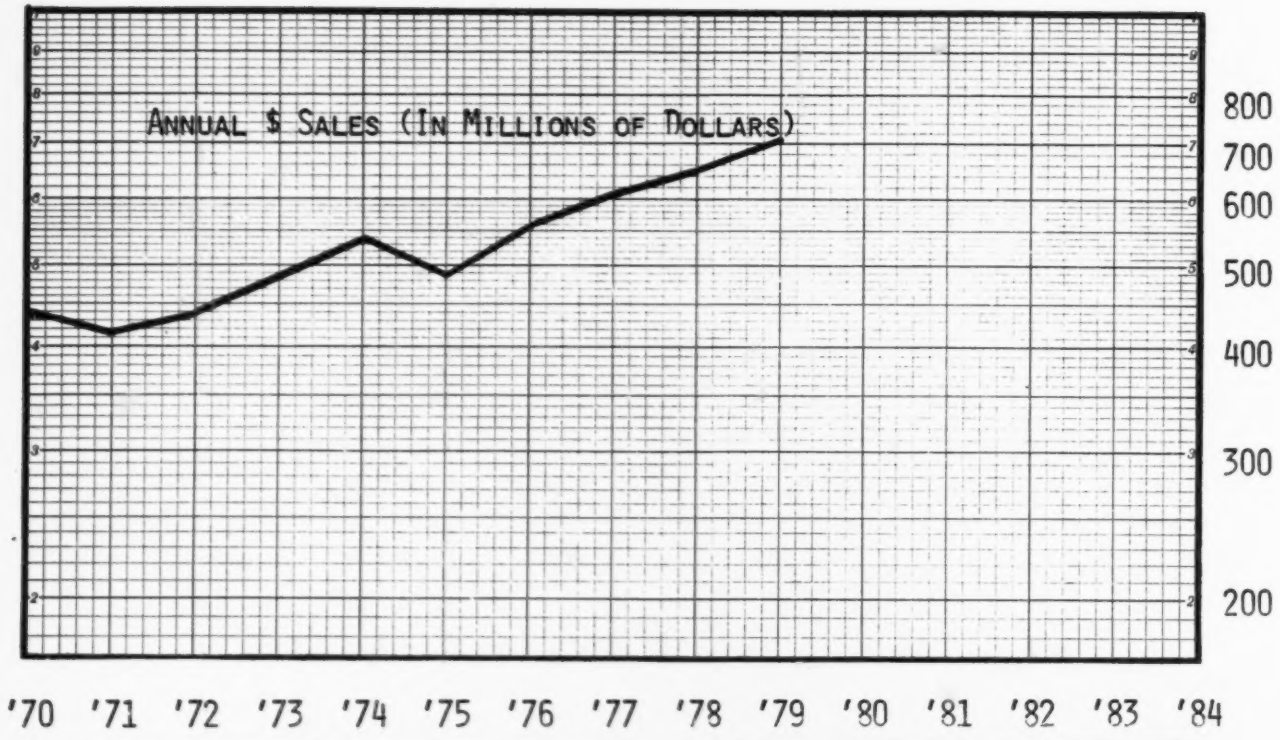
CHART 1 - R-P-B INDUSTRY'S DOLLAR SALES & SALES INDEXES: SEMI-LOG SCALES



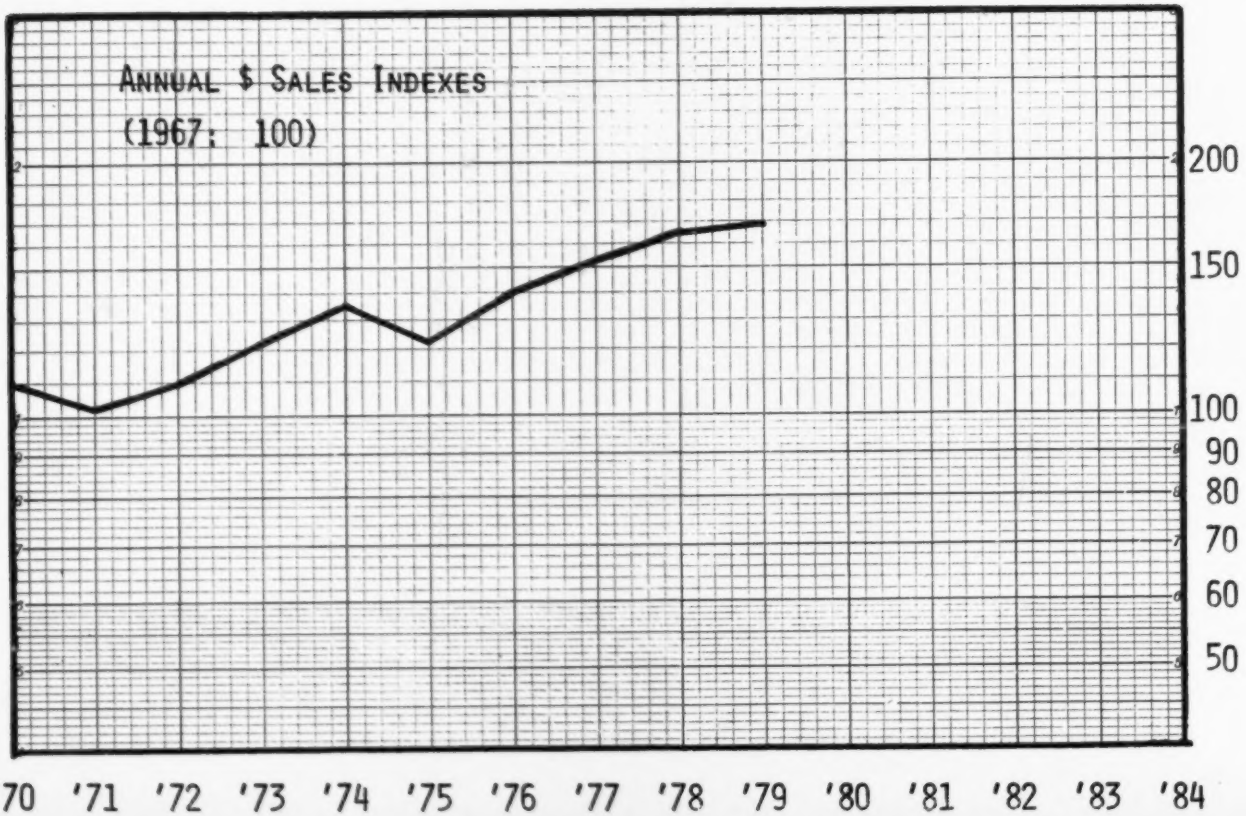


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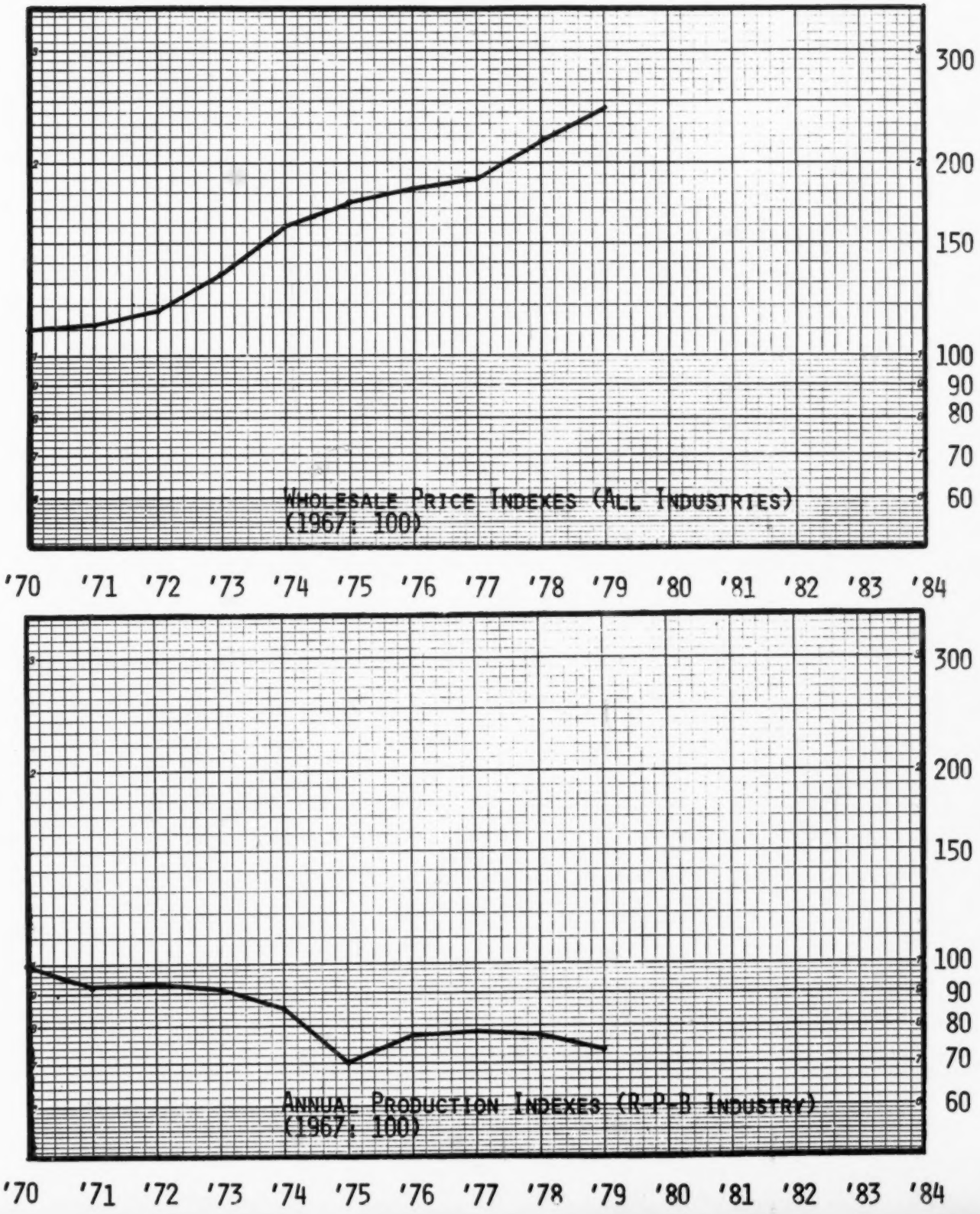
CHART 2 - WHOLESALE PRICE INDEXES & R-P-B INDUSTRY'S PROD.

INDEXES: SEMI-LOG SCALES



instance 1967 has been selected as the base year. This means that all of the R-P-B industry's annual sales have been expressed as a function of 1967 annual sales (sales index = $\frac{\text{annual sales}}{\text{1967 sales}} \times 100$).

Similarly, the Wholesale Prices for All Industries have been converted into an index based on 1967. Comparing columns 3 and 4, it is seen that while 1979 R-P-B sales are 79.4% higher than they were in 1967, the Wholesale Price level has risen faster over that same time.

The significance of the greater increase in industrial prices is illustrated by the effect on the R-P-B Industry Production Index. If it is assumed that the Wholesale Price Index for All Industries (WPI) reflects the prices charged by the R-P-B Industry, then the 1979 values of 179.4 for the R-P-B Sales Index and 244.0 for the WPI indicate a decrease in R-P-B unit production in 1979 relative to 1967. The R-P-B Production Indexes suggest a decline of 3.7% in unit volume over the past year and a fall of 26.5% since 1967.

Comparative 1979/1978 Production Performance of The R-P-B Industry and Other Paper-Oriented Industries

The Rigid Paper Box Industry's Production Index is shown below together with the production indexes of other comparable industries. The other indexes are from the Federal Reserve Board's statistical data base, while the derivation of the R-P-B index was discussed above. Each index is a measure of physical output expressed as a percentage of the production in the base period, 1967, for the given industry.

Industry	Production Index (1967 = 100) 1979	1978	% Change 1979/78	1978/77
Rigid Paper Box	73.5	76.3	-3.7	-2.5
Paper and Products	150.8	144.4	+4.4	+5.0
Paperboard	146.2	143.2	+2.1	+5.2
Building Paper and Board	116.4	113.5	+2.6	+0.6
Paperboard Containers	153.9	150.3	+2.4	+8.4
Converted Paper Products	164.1	155.3	+5.7	+6.6

The R-P-B Industry is a part of the Paperboard Containers Industry, but its production output is not separated out in the data base. As in 1978, the R-P-B index is the only one showing a decline. The rate of increase in 4 of the 5 other industries slowed. Only the Building Paper and Board Industry achieved a greater growth rate in 1979, 2.6% compared to 0.6%.

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IV. PROFILES OF THE R-P-B INDUSTRY'S PROFIT PERFORMANCE

Profit Performance (Table 3 and Chart 3)

Industry profits increased by 26.9% from $30,712,667 in 1978 to $38,959,360 in 1979 (Table 3). Net Profit Before Taxes rose from 4.7% of Sales in 1978 to 5.5%. Although still well below the 6.8% profitability achieved in 1977, the 1979 performance was the second best during the past decade, as seen in Chart 3.

An analysis of Table 3 reveals that the increase in profitability is attributable to favorable changes in the relationships of both manufacturing and non-manufacturing expenses to sales. Despite the rise in Material Costs/Sales to 34.9% and the slight increase in Other Manufacturing Expenses, the Total Cost of Sales declined because the Total Factory Payroll fell from 30.5% in 1978 to 28.4% in 1979. Lower operating expenses as a percentage of sales accounted for the better non-manufacturing expense results. Since the A&G cost improvement did not match the change in the Direct Labor % of Sales the ratio of A&G to Direct Labor rose slightly.

The higher return on sales coupled with the slight gain in the Net Sales/Total Assets ratio yields a significant increase in the industry's return on assets (ROS X Asset Turnover = ROA). The 1979 ROA of 9.7% is 21% above the 1978 ROA of 8.0%.

Performance by Geographical Division (Tables 4 and 6)

The MW+W+PC region led all regions in ROA and ROS. The primary cause of the region's superior ROS, 3.2 percentage points above the national average, was the low percentage of the sales dollar consumed by the factory payroll. The more detailed analysis of the components of the factory payroll in Table 4 shows that the largest difference in payroll lies in the money spent on supervision and indirect labor. Companies in the MW+W+PC region incurred considerably higher material costs in 1979 with these expenses representing 35.7% of sales as opposed to 31.9% of sales in 1978.

Asset turnover improved, going from 1.56 in 1978 to 1.76 in 1979. The resulting ROA of 15.3% was 6.6 points above the 1978 ROA and 5.6 points above the total industry's ROA in 1979.

TABLE 3

GENERAL SUMMARY OF INDUSTRY-WIDE PERFORMANCE MEASURES
FOR 1979 and 1978

Item	1979	1978	1979/1978 % Change
Industry Sales	$708,352,000	$653,461,000	+ 8.4%
Sales Index (1967 = 100)	179.4	165.5	+ 8.4%
Production Index (1967 = 100).	73.5	76.3	- 3.7%
Industry Profits (Before taxes)	38,959,360	30,712,667	+26.9%

Condensed Operating Statement Data as a Percentage of Sales	1979* %	1978 %	No. of Ratio or % Points 1979 was High(+) Low (-)
1. Net Sales	100.0	100.0	----
2. Material Costs	34.9	33.3	+ 1.6
3. Total Factory Payroll	28.4	30.5	- 2.1
4. Manufacturing Expenses ...	11.4	11.2	+ 0.2
5. Total Cost of Sales	74.7	75.0	- 0.3
6. Gross Profit on Sales	25.3	25.0	- 0.3
7. Non-Mfg. Operating Expense	19.9	20.4	- 0.5
8. Other Expense/Income	-0.1	-0.1	0.0
9. Total Non-Mfg. Expense ...	19.8	20.3	- 0.5
10. Net Profit Before Taxes ..	5.5	4.7	+ 0.8

Balance Sheet Data	1979 %	1978 %	
11. Total Assets	100.0	100.0	----
12. Total Liabilities	46.5	47.5	- 1.0
13. Total Net Worth	53.5	52.5	+ 1.0

Financial Ratios	1979	1978	
Total Costs & Ex./Net Sales ..	94.5%	95.3%	- 0.8
Gross Overhead/Direct Labor ..	174.7%	166.1%	+ 8.6
Gross Overhead/(Direct Labor + Material)	67.0%	68.3%	- 1.3
Admin.& Gen. Exp/Direct Labor.	49.7%	48.1%	+ 1.6
Net Sales/Total Assets	1.77	1.69	+ 0.08
Return on Assets (Before Taxes)	9.7%	8.0%	+ 1.7

* The results for 1979 were developed based on 1979 survey data for the 0-275M, 550M-825M, and 825M + categories only. There were not sufficient responses from companies in the 275M-550M category to be included in the U.S. Total Industry. The 1978 results for this category are shown in this report and are used in the calculations of the U.S. Industry totals for 1979. The U.S. Industry 1979 performance results are not sensistive to the survey data from the 275M-550M category.

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CHART 3 - TRENDS OF 4 KEY RATIOS: SEMI-LOG SCALES

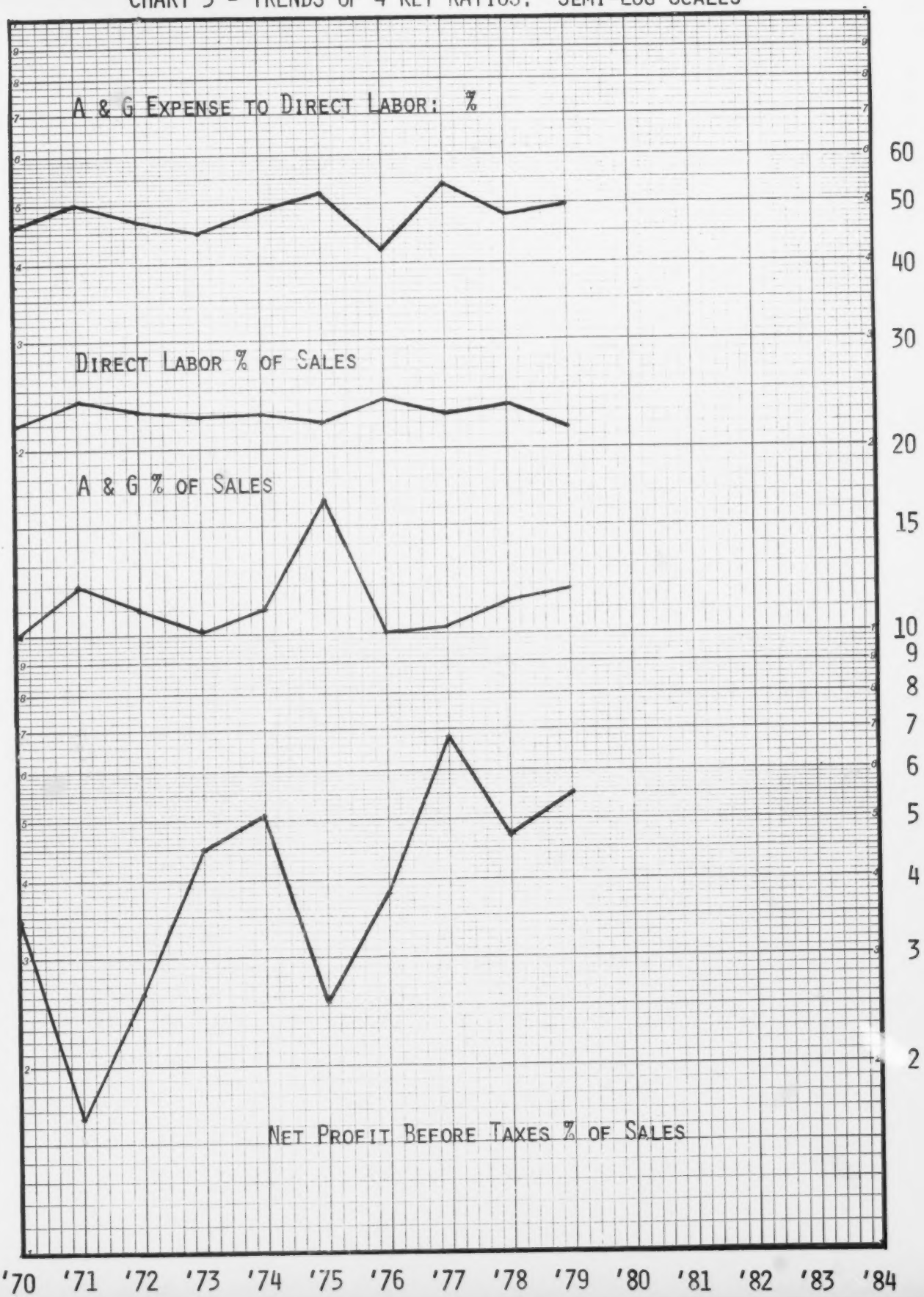

TABLE 4

COMPARATIVE PERCENTAGE PERFORMANCE

BY GEOGRAPHICAL DIVISIONS

Condensed Operating Statement Data as a Percentage of Sales	1979 U.S. TOTAL %	NE+E MET+C %	S* %	MW+W + PC %	Your Company %
1. Net Sales	100.0	100.0	100.0	100.0	100.0
2. Material Costs	34.9	34.3	36.4	35.7	
3. Total Factory Payroll	28.4	29.9	28.2	24.4	
4. Manufacturing Expenses	11.4	11.7	11.3	10.9	
5. Total Cost of Sales	74.7	75.9	75.9	71.0	
6. Gross Profit on Sales	25.3	24.1	24.1	29.0	
7. Non-Mfg. Operating Exp's.	19.9	19.6	17.5	20.4	
8. Other Expense/Income	-0.1	0.1	0.5	-0.1	
9. Total Non-Mfg. Expense	19.8	19.7	18.0	20.3	
10. Net Profit Before Taxes	5.5	4.4	6.1	8.7	
Expense Detail as a Percentage of Sales	%	%	%	%	%
Factory Payroll-Item 3					
3a. Direct Labor	21.7	21.8	13.7	20.6	
3b. Supervision & Indirect	6.7	8.1	14.5	3.8	
% Depreciation Incl. in Item 4	14.7	17.5	26.9	32.5	
Operating Expense-Item 7					
7a. Delivery	3.9	4.1	3.7	3.1	
7b. Selling	5.2	5.6	2.9	5.2	
7c. Gen. & Administration	10.8	9.9	10.9	12.1	
% Exec. Salary Incl. in Item 7c		22.5	40.4	29.5	

* The results obtained for the Southern Geographical Division should be interpreted cautiously as the survey sample size was small.

The NE+E+MET+C region reported a lower ROA and ROS than in 1978. ROS fell from 5.0% to 4.4% and ROA went from 9.4% to 8.1%. The change in material costs from 32.6% of sales in 1978 to 34.3% of sales in 1979 was the most important factor in the decline. Even though asset turnover was reduced in the region in 1979 compared to the 1978 level, the asset turn of 1.82 was still above the industry's average.

Operating results for companies in the Southern region revealed more profitability within the region this year. The return on sales was 6.1% in 1979, compared to 1.5% in 1978. This region was the only one to report lower material costs as a percentage of sales in 1979, 36.3% vs. 42.3%. The asset turnover moved from 1.8 in 1978 to 1.89 in 1979, and combined with the strong increase in ROS, this led to an ROA of 11.4%.

Performance by Company Sales Size (Tables 5, 6, 7, 8, 9)

Companies with R-P-B sales between $0 and $275,000 showed a low level of profitability on their operations, 0.3% of sales. Non-manufacturing expenses for these concerns were in line with the industry average, but the costs of manufacturing were significantly higher. 79.5% of sales dollars were consumed in the cost of goods sold versus 74.7% for the industry. Surprisingly, material costs for this segment were below the industry average, while factory payroll and other expenses were far above the industry's norms (Table 5).

Averages for the sector of the industry with sales between $550,000 and $825,000 indicate a drop in profitability, attributable to increases in the cost of goods sold. Material costs were responsible for most of the change, but Total Factory Payroll also went up 1 point. Non-manufacturing expenses as a percentage of sales decreased; each component - delivery, selling, and A&G - contributed to the improvement. The higher asset turnover, 1.67 in 1979 vs 1.56 in 1978, counteracted in part the lower ROS to yield an ROA of 13.1%.

The industry segment made up of companies with sales above $825,000 experienced greater profitability in 1979 primarily because Total Factory Payroll dropped from 30.6% of sales in 1978 to 27.6% of sales in 1979. Comparison of 1979 Direct Productivity, $39,296, and Net Productivity, $30,325, with the 1978 results - $33,192 and $24,360 respectively - illustrates the higher efficiency in this area (Table 9). At the same time the average company size within the segment sample probably declined as suggested by the results listed in Table 8. In 1978 the average number of

employees engaged in direct labor was 100.2, 17.0 in indirect labor, and 18.8 in sales, administration and other. Asset turnover was stable at 1.69 times sales, so ROA increased proportionately to the ROS, reaching 9.9%.

TABLE 5

COMPARATIVE PERCENTAGE PERFORMANCE
BY COMMON SIZE

Condensed Operating Statement Data as a Percentage of Sales	1979 SALES VOLUME 0 to 275M*	275M-550MΔ	550M-825M	825M+	Your Company
	%	%	%	%	%
1. Net Sales	100.0	100.0	100.0	100.0	100.0
2. Material Costs	25.1	35.5	33.1	35.6	
3. Total Factory Payroll	39.0	30.5	28.2	27.6	
4. Manufacturing Expenses	15.4	12.6	13.3	10.8	
5. Total Cost of Sales	79.5	78.6	73.6	74.0	
6. Gross Profit on Sales	20.5	21.4	26.4	26.0	
7. Non-Mfg. Operating Exp's.	20.1	18.2	19.8	20.2	
8. Other Expense/Income	0.1	1.2	-1.3	0.0	
9. Total Non-Mfg. Expense	20.2	19.4	18.5	20.2	
10. Net Profit Before Taxes	0.3	2.0	7.9	5.8	
Expense Detail as a Percentage of Sales	%	%	%	%	%
Factory Payroll Item 3					
3a. Direct Labor	32.6	22.5	21.2	20.6	
3b. Supervision & Indirect	6.4	8.0	7.0	7.0	
% Depreciation Incl. in Item 4	12.1	10.2	9.5	16.2	
Operating Expense-Item 7					
7a. Delivery	4.5	3.1	1.8	4.3	
7b. Selling	3.5	4.3	3.8	5.6	
7c. Gen.& Administration	12.1	10.8	14.2	10.3	
% Exec. Salary Incl. in Item 7c	41.7	38.8	30.4	24.0	
Balance Sheet Data	%	%	%	%	%
11. Total Assets	100.0	100.0	100.0	100.0	100.0
12. Total Liabilities	--	25.3	18.8	52.3	
13. Total Net Worth	--	74.7	81.2	47.7	

Items with a -- mark could not be calculated to be representative due to the small number of companies responding to the particular questions.

*The results obtained for the 0-275M category should be interpreted cautiously as the survey sample size for this category was small.

ΔThe results shown for the 275-550M category represent the 1978 performance. The 1979 data could not be calculated because of an insufficient number of survey respondents in this particular category.

TABLE 6

COMPARATIVE PERCENTAGE PERFORMANCE BY:

	1979 SALES VOLUME					GEOGRAPHIC			
	U.S. TOTAL	0 to 275M*	275M-550MΔ	550M-825M	825M+	NE+E MET+C	S*	MW+W + PC	Your Company
1. Total Costs & Exp/Net Sales	94.5%	99.7%	98.0%	92.1%	94.2%	95.6%	93.9%	91.3%	_____
2. Gross Oh'D./ D.L.	174.7%	128.8%	177.7%	183.0%	184.5%	181.2%	319.7%	170.0%	_____
3. Gross Oh'D./ (D.L. + MTL)	67.0%	72.8%	69.0%	71.4%	67.6%	70.9%	87.4%	62.2%	_____
4. Net Worth/ Total Assets	53.5%	--	74.7%	81.2%	47.7%	46.2%	76.4%	57.8%	_____
5. (Gen. & Admin.)/ D.L.	49.7%	37.1%	48.0%	66.9%	50.0%	45.4%	79.6%	58.7%	_____
6. Net Sales/ Total Assets	1.77	--	1.69	1.67	1.69	1.82	1.89	1.76	_____
7. Return on Assets before Taxes	9.7%	--	3.5%	13.1%	9.9%	8.1%	11.4%	15.3%	_____

*The results obtained for the 0-275M and the S category should be interpreted cautiously as the survey sample size for this category was small.

ΔThe results shown for the 275-550M category represent the 1978 performance. The 1979 data could not be calculated because of an insufficient number of survey respondents in this particular category.

Items with a -- mark could not be calculated to be representative figures due to the small number of companies responding to the particular survey question.

The Ratios for U.S. Total have been calculated using the ratios for each of the four sales categories, even though the results for the 0-275M category is based on a small sample size and the data for the 275M-550M category represents the 1978 year. Tests on the data for the U.S. Total category show that the major influence is due to the two large sales categories performance; therefore the category U.S. Total results should be considered representative of the Industry's performance in 1979.

TABLE 7

MISCELLANEOUS PERFORMANCE RATIOS

ACCORDING TO COMPANY SIZE

	1979 SALES VOLUME				
	0 to 275M	275M-550MΔ	550M-825M	825M+	Your Company
Inventory Turnover (times)....	5.6	6.3	7.1	5.6	_____
Labor Turnover (times)	1.35	2.1	1.7	1.7	_____
Collection Period (days)	23.0	32.3	27.0	40.9	_____

TABLE 8

AVERAGE NUMBER OF EMPLOYEES

ACCORDING TO COMPANY SIZE

	1979 SALES VOLUME				
	0 to 275M	275M-550MΔ	550M-825M	825M+	Your Company
Average Number of Employees					
Direct Labor	11	18.6	21	78.4	_____
Indirect Labor	2	2.6	4.3	12.4	_____
Sales, Administrative & Other	1.5	3.3	3.8	16.1	_____

ΔThe results shown for the 275-550M category represent the 1978 performance. The 1979 data could not be calculated because of an insufficient number of survey respondents in this particular category.

TABLE 9

COMPANY IMAGE STATISTICS

TITLE	RATIOS	1979 0 to 275M*	275M 550MΔ	550M 825M	825M+	Your Company
Direct Productivity	Sales / Direct Labor Employment	$16,934	$25,107	$32,386	$39,296	_____
Net Productivity	Sales / Total Employment	$13,305	$19,061	$23,351	$30,325	_____
Administrative Load	Gen. & Admin. Expense / Direct Labor Employment	$ 2,056	$ 2,776	$ 4,597	$ 4,048	_____
Depreciation Recovery	Depreciation Expense / Sales	1.9%	1.29%	1.3%	1.8%	_____
Return on Equity	Net Profit Before Taxes / Net Worth	--	4.4%	16.1%	20.8%	_____
Employment Investment	Net Worth / Total Employment	--	$ 9,506	$11,350	$8,560	_____
Return on Assets	Net Profit Before Taxes / Total Assets	--	3.5%	13.1%	9.9%	_____

Items with a -- mark could not be calculated to be representative figures due to the small number of companies responding to the particular survey questions.

*The results obtained for the 0-275M category should be interpreted cautiously as the survey sample size for this category was small.

ΔThe results shown for the 275-550M category represent the 1978 performance. The 1979 data could not be calculated because of an insufficient number of survey respondents in this particular category.

TABLE 10

END-USE SURVEY OF THE RIGID PAPER BOX INDUSTRY

(Millions)	1971 ($411)	1972 ($438)	1973 ($485)	1974 ($537)	1975 ($483)	1976 ($556)	1977 ($602)	1978 ($653)	1979 ($708)
Textiles, Apparel & Hosiery	16.7	8.7	9.5	4.9	7.5	3.7	4.8	7.3	4.5
Dept. Stores & Specialty Shops	15.9	14.7	14.5	10.1	9.9	10.7	10.6	10.1	8.3
Cosmetics & Soaps	7.1	6.7	4.4	3.9	1.8	5.3	5.1	3.3	4.3
Confections	5.5	8.6	10.0	9.8	13.3	10.5	8.1	9.0	15.7
Jewelry & Silverware	3.9	9.2	8.7	8.6	5.2	4.2	14.0	10.7	7.6
Photographic Products & Supplies	1.6	1.5	2.3	3.2	2.2	2.4	2.7	3.0	3.5
Shoes & Leather	5.2	7.2	6.7	7.5	4.8	1.3	1.1	3.7	0.4
Drugs, Chemicals & Pharmaceuticals	5.2	7.7	7.3	7.8	6.9	9.3	7.3	4.9	13.1
Toys & Games	5.8	3.9	2.5	1.1	2.3	3.3	2.6	2.1	1.4
Hardware & Household Supplies	4.9	4.2	4.6	7.7	7.0	6.4	6.2	5.4	3.4
Food & Beverages	1.3	1.0	1.1	1.2	2.9	3.6	0.3	2.9	5.4
Sporting Goods	1.1	2.0	1.6	1.4	1.9	0.7	1.0	1.2	1.7
Other Major Customers (A)									
(a) Electronics				2.3	3.4	4.2	2.6	2.9	4.3
(b) Educational				4.8	3.9	3.9	6.5	5.2	3.8
(c) Other				10.5	12.2	5.6	7.1	10.7	1.1
Misc. Customers	18.3	18.7	19.3	4.8	5.1	12.4	6.8	5.8	6.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 11

RIGID BOX NEW & USED MACHINERY PURCHASED

1979 COMPARED TO 1978

	1979			1978		
Sales Size	Total	No. of Co.'s*	Avg. per Co.	Total	No. of Co.'s*	Avg. per Co.
$0-275M						
New	$ 0	0	0	0	0	0
Used	0	0	0	0	0	0
$275M-550M						
New	0	0	0	0	0	0
Used	0	0	0	0	0	0
$550M-825M						
New	$10,372	3	$ 3,457	$20,046	3	$ 6,682
Used	$22,000	1	$22,000	$ 5,500	1	$ 5,500
$825M+						
New	$796,718	10	$79,672	1,303,970	10	130,397
Used	$439,695	10	$43,969	320,625	6	53,438
Total						
New	$807,090	13	$62,084	1,324,016	13	$101,847
Used	$461,695	11	$41,972	$326,125	7	$ 46,589

1979 New Purchases = 61% of 1978 New Purchases
1979 Used Purchases= 142% of 1978 Used Purchases

*No. of Co.'s = Number of Companies that reported purchases